

To: Pacific Dental Services Foundation.

From: Avalere Health

Date: January 4, 2016

Re: Evaluation of Cost Savings Associated with Periodontal Disease Treatment Benefit

Summary

Pacific Dental Services Foundation asked Avalere Health to estimate the cost or savings to the Medicare program of a new benefit covering the initial and ongoing treatment of periodontal disease for beneficiaries with diabetes, coronary artery disease (heart disease), or cerebrovascular disease (stroke). A growing body of academic literature and retrospective medical claims studies support a link between oral health, periodontal disease treatment, reduced medical costs, and improved wellbeing, especially for individuals with one of the three chronic conditions included in this evaluation.

We drew from these and other data sources to construct an estimate of Medicare fee-for-service spending for individuals with periodontal disease and chronic conditions. Our estimate assumes that Medicare will begin paying for periodontal treatment in 2016 through a new Medicare Part B benefit, but limit coverage to individuals with one of the three conditions noted above.

We estimate providing a periodontal disease treatment benefit will produce a savings of \$63.5 billion over the period 2016 to 2025 and should continue long-term. This savings reflects new costs of approximately \$7.2 billion from covering periodontal treatment for Medicare beneficiaries with one of the three target chronic conditions. This new spending will be offset by an estimated \$70.7 billion reduction in Medicare spending, largely related to fewer hospitalizations and emergency room visits.

Table 1: Estimated Impact on Medicare Program Spending from Coverage of Periodontal Treatment (\$ billions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2025
Periodontal Benefit	0.5	0.5	0.6	0.5	0.6	0.7	0.8	0.9	1.0	1.1	7.2
Medical Savings	(1.1)	(2.8)	(4.1)	(5.4)	(6.4)	(7.5)	(8.7)	(10.0)	(11.5)	(13.3)	(70.7)
Total Impact	(0.5)	(2.3)	(3.5)	(4.8)	(5.7)	(6.8)	(7.9)	(9.2)	(10.6)	(12.2)	(63.5)